Annual Report

1999–2000

Alberta
GAMING

Alberta
GAMING

Additional copies of this annual report may be obtained from:

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Preface

The Public Accounts of Alberta are prepared in accordance with the Financial Administration Act and the Government Accountability Act. The Public Accounts consist of the annual report of the Province of Alberta and the annual reports of each of the 18 ministries.

The annual report of the Province of Alberta contains the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including a message from the Provincial Treasurer. The province's audited consolidated financial statements include the accounts of government entities consisting of departments (all departments combined form the General Revenue Fund), the Alberta Heritage Savings Trust Fund and other regulated funds, provincial agencies and Crown-controlled corporations.

This annual report of the Ministry of Gaming contains the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry's business plan, including a message from the Minister. The ministry's audited consolidated financial statements include the accounts of the Department of Gaming, regulated funds, provincial agencies and Crown-controlled corporations for which the Minister is responsible. The financial statements of each of these component entities of the ministry are also included in this annual report.

This annual report includes, either as a separate report or as part of financial statements, the reports or statements prepared pursuant to the Financial Administration Act, to the extent that the ministry has anything to report. A summary of expenditures under each appropriation in the ministry, as required by the Government Accountability Act, is included in the financial statements of the department.

Financial information relating to the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund, the Alberta Gaming Research Council and the Alberta Gaming Research Institute is also included in this annual report as supplementary information.

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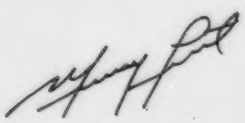
Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2000, was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at September 11, 2000, with material economic or fiscal implications of which I am aware have been considered in this report.



Murray Smith, MLA
Minister

Message from the Minister

From the outset of the creation of the ministry, we have strived to ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries.

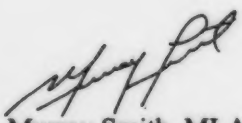
As Canada's first ministry specifically established for the regulation of gaming and liquor activities, we will continue the task of balancing choice and responsibility among various stakeholders, partners, charitable organizations and participants. The ministry also retains the commitment to Alberta's unique charitable gaming model for all licensed gaming activities.

Albertans want to know more about the social and economic aspects of gaming. In November 1999, an agreement was signed with the Alberta Gaming Research Institute: a consortium of the Universities of Alberta, Calgary and Lethbridge. The Institute will sponsor research into the social and economic aspects of gaming, aboriginal gaming issues, gaming trends and other related gaming topics. We also established the Alberta Gaming Research Council to guide the Institute and ensure it is working within its mandate. These initiatives were a direct response to the recommendation of the Alberta Lotteries and Gaming Summit '98 that government dedicate more resources to gaming research.

Across Alberta, many organizations are expressing considerable interest in participating in the gaming industry. New policies may be required to address this possible future growth. But any new policies must be developed for the good of all Albertans; they must balance the needs and wants of industry and the needs and wants of the community.

In December 1999, the Alberta Gaming and Liquor Commission began a review of its gaming licensing policies, which is still underway.

The coming year will continue to hold challenges for the ministry. I look forward to working with Alberta Gaming staff, stakeholders and all Albertans in building gaming and liquor industries that we can be proud of.



Murray Smith, MLA
Minister

Management's Responsibility for Reporting

The Ministry of Gaming includes: the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Gaming Research Council, and the Community Lottery Program Secretariat. The ministry is also responsible for the legislation for the Alberta Racing Corporation.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the ministry complies with all relevant legislation, regulations and policies.

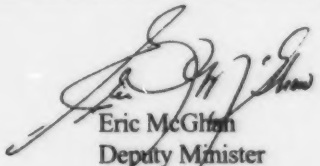
Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Gaming. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control that give consideration to costs, benefits, and risks that are designed to:

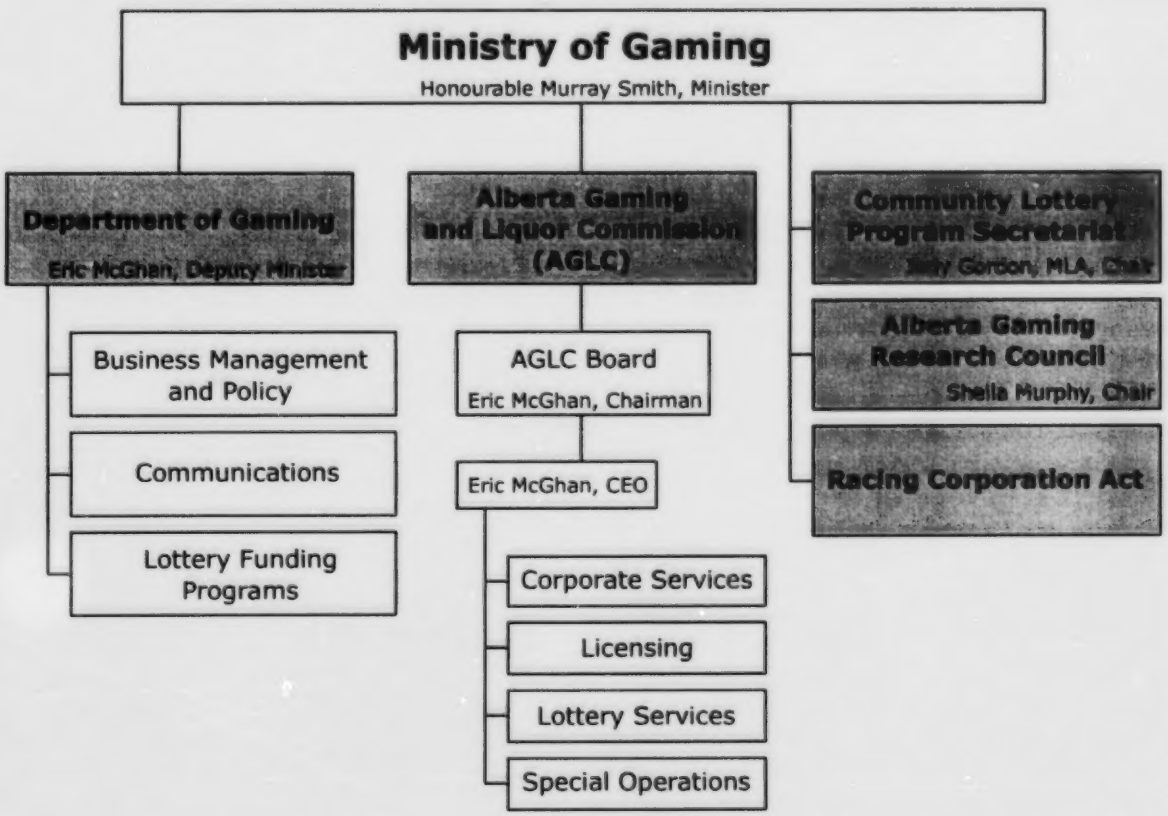
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under ministry administration;
- provide *Cabinet*, Treasury Board, the Provincial Treasurer and the Minister any information needed to fulfil their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the Government Accountability Act.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.



Eric McGhan
Deputy Minister
Ministry of Gaming

Chart


Ministry of Gaming
Honourable Murray Smith, Minister
Department of Gaming
Eric McGhan, Deputy Minister
Business Management and Policy
Communications
Lottery Funding Programs
Alberta Gaming and Liquor Commission (AGLC)
AGLC Board
Eric McGhan, Chairman
Eric McGhan, CEO
Corporate Services
Licensing
Lottery Services
Special Operations
Community Lottery Program Secretariat
Alberta Gaming Research Council
Sheila Murphy, Chair
Racing Corporation Act

Ministry of Gaming

On May 25, 1999, Alberta Gaming became a ministry of the Government of Alberta. The ministry is responsible for the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Gaming Research Council, the Community Lottery Program Secretariat and the Racing Corporation Act.

Department of Gaming

The department's responsibilities include overall business management and policy support for gaming activities in the province, communications and lottery funding programs, including the Community Lottery Board Grant Program and the Community Facility Enhancement Program.

"Alberta's claim to gambling fame that cannot pass without a kudo is the province's unique charity-run casinos.... Alberta wrote the book on how to do it right in gaming."

— Calgary Herald, September 19, 1999.

Business Management and Policy

50 Corriveau Avenue
St. Albert, AB T8N 3T5
(780) 447-8797

The Business Management and Policy branch provides gaming policy support and is responsible for the ministry business plan, budget and the financial and administrative needs of the department. The branch also provides administrative support to the Alberta Gaming Research Council.

Communications

50 Corriveau Avenue
St. Albert, AB T8N 3T5
(780) 447-8740

The Communications branch supports the ministry and the department in media relations, writing and editing, issues management and coordinates external communications.

Lottery Funding Programs

50 Corriveau Avenue
St. Albert, AB T8N 3T5
(780) 447-8809

The Lottery Funding Programs branch is responsible for lottery funded programs administered by Alberta Gaming including the Community Lottery Board Grant Program and the Community Facility Enhancement Program.

ALBERTA
LOTTERY FUND

Did you know: The 88 Community Lottery Boards are locally administered. Board members are community representatives who are publicly recruited and appointed by a local nominating committee. Application deadlines, matching requirements, and community funding priorities are all based on local needs and priorities.

The Community Lottery Board Grant Program, administered by the department, promotes the development of Alberta's communities and increases the capacity of community organizations. It provides financial assistance for the arts, recreation, sport and other community-based projects and initiatives to enhance the quality of life. The 88 Community Lottery Boards in Alberta are locally administered and made up of community representatives publicly recruited and appointed by nominating committees in their region.

The Community Facility Enhancement Program provides financial assistance to build, purchase, repair, renovate or upgrade public-use facilities in Alberta communities. The program is successful because of its grass-roots, needs-driven partnership approach to funding.

The branch also coordinates Alberta Lottery Fund initiatives and program reporting. The Alberta Lottery Fund supports over 8,000 projects annually, including agricultural and economic initiatives, major Alberta exhibitions such as the Calgary Exhibition and Stampede and Edmonton Northlands, and several regional exhibitions in Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds and Red Deer.

Alberta Gaming and Liquor Commission

50 Corriveau Avenue
St. Albert, AB T8N 3T5
(780) 447-8600

Canadians see regulation and operation of gaming by the government as the preferred means of controlling gambling.

— Canada West Foundation Report, "Canadian Gambling Behavior and Attitudes," 2000.

The Alberta Gaming and Liquor Commission (AGLC), an agent of the Government of Alberta, consists of a Board and a Corporation. The Corporation acts as the operational arm of the organization, while the Board handles policy and regulatory responsibilities. The mission of the Commission is to maintain the integrity of gaming and liquor activities in Alberta and collect revenues for the province. The AGLC administers the Alberta Lottery Fund under the provisions of the Gaming and Liquor Act.

Alberta Gaming Research Council

50 Corriveau Avenue
St. Albert, AB T8N 3T5
(780) 447-8709

The Alberta Gaming Research Council was established by Ministerial Order on August 24, 1999, to help direct the research activities of the Alberta Gaming Research Institute. The fourteen-member council has been appointed for a three-year term and is made up of public and government representatives. The council includes representatives from the gaming industry, the aboriginal community,

youth, seniors, law enforcement, the Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Gaming, and Alberta Health and Wellness.

The members of the Council are:

- Sheila Murphy (Chair)
- Evert Koeller (Vice-Chair)
- Dr. Keith Archer
- Gus Barron
- Gerry Brygidyr
- Art Dyer
- Victor Justik
- Nick Kutash
- Robert Lloyd
- Andrew Mah
- Sgt. Bob McDonald
- Barry Pritchard
- Alice Reid
- Alexander Smoliak

Community Lottery Program Secretariat

50 Corriveau Avenue
St. Albert, AB T8N 3T5

The Community Lottery Program Secretariat is responsible for the implementation and evaluation of the Community Lottery Board Grant Program across the province. The Secretariat, chaired by Judy Gordon, MLA, Lacombe-Stettler, reports directly to the Minister of Gaming.

Racing Corporation Act

The Ministry of Gaming is also responsible for racing legislation in Alberta. The Racing Corporation Act places the responsibility for management and regulation of the horse racing industry in Alberta on the Alberta Racing Corporation (ARC), in partnership with industry stakeholders. A private, not-for-profit agency, the ARC:

- governs, directs, controls, regulates, manages, markets and promotes all forms of horse racing in Alberta;
- protects the health, safety and welfare of racehorses, racing participants and racing officials; and
- safeguards the interests of the public in horse racing.

Operational Overview

The Alberta Gaming business plan for 1999–2002 was based on the business plans originally approved for Alberta Economic Development—specifically for the Alberta Gaming and Liquor Commission (AGLC) when it reported to the Ministry of Economic Development and Alberta Community Development—primarily for the Community Lottery Board Grant Program. The restated business plan for the ministry reflects the organizational changes initiated in May 1999 and approved by the Government Reorganization Secretariat.

Ministry Mission

To maintain the integrity of gaming and liquor activities in Alberta and collect revenues for the province.

Mandate

Through the department of Gaming and the AGLC, and in accordance with the Gaming and Liquor Act and the Criminal Code of Canada and within the policy framework established by government, the ministry's mandate is to:

- license, regulate and monitor gaming and liquor activities in Alberta;
- ensure integrity and social responsibility in the operation of gaming and liquor activities;
- collect gaming and liquor revenue;
- ensure business and program operations are run efficiently and effectively;
- define operating policies and procedures for gaming and liquor activities;
- disburse provincial lottery revenues;
- support industry and government initiatives to address problem gambling and responsible alcohol consumption;
- provide gaming and liquor stakeholders accurate and timely information; and
- sponsor research related to the social and economic implications of gaming through the Alberta Gaming Research Council.

(In accordance with the Gaming and Liquor Act, the AGLC is required to provide the Minister with its own annual report.)

Through the Community Lottery Board Grant Program and the Community Facility Enhancement Program, the ministry will continue to provide financial support to community organizations and not-for-profit agencies. These programs are intended to achieve

partnerships with communities to increase self-reliance and maintain a high quality of life in Alberta.

Ministry Goals and Strategies for 1999–2000

- Ensure compliance with the Gaming and Liquor Act, Tobacco Tax Act, Criminal Code of Canada and AGLC policies with respect to gaming and liquor activities.
- Ensure full accountability for all revenues, expenses, assets and liabilities.
- Improve accountability and disclosure of gaming activity in the province.
- Develop clear and understandable guiding principles for lotteries and gaming.
- Develop a clear process that directs all gaming and lottery profits to specific and visible initiatives.
- Meet operating expense targets.
- Maintain the return to the charities from charitable gaming activities.
- Manage and administer the Alberta Lottery Fund.
- Facilitate development of native gaming in keeping with the government's native gaming policy.
- Facilitate and support the revitalization of the horse racing industry.
- Work closely with gaming, liquor and hospitality industries to develop solutions to industry issues and concerns.

Key Achievements and Activities

Alberta Gaming Research Council

The Alberta Gaming Research Council, established by Ministerial Order on August 24, 1999, helps direct the research activities of the Alberta Gaming Research Institute. The fourteen-member council was appointed for a three-year term and is made up of public and government representatives. The council includes representatives from the gaming industry, the aboriginal community, youth, seniors, law enforcement, the Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Gaming, and Alberta Health and Wellness.

Alberta Gaming Research Institute

The Alberta Gaming Research Institute was created in response to the Alberta Lotteries and Gaming Summit '98 recommendation that more government resources be dedicated to gaming research. A budget of $1.5 million a year for three years from the Alberta Lottery Fund has been allocated to the Institute.

The Institute came into effect November 26, 1999, upon the signing of an agreement between the Institute and the Government of Alberta. The Institute, a consortium of the Universities of Alberta, Calgary and Lethbridge, sponsors research into gaming-related topics such as the social and economic costs and benefits of gaming, aboriginal gaming issues and gaming trends.

"...I believe that the Alberta Gaming Research Institute will become a centre of excellence for gaming-related research in North America."

— Murray Smith, MLA, Minister of Gaming

Launch of Ministry Website

The Alberta Gaming website (**www.gaming.gov.ab.ca**) went on-line in November 1999 to tell the public about Alberta's gaming and liquor industries. The website includes a searchable database for the Community Lottery Board Grant Program, and an information and application package for the Community Facility Enhancement Program. New information is continually being added and plans are in place to develop a more comprehensive database and to further enhance access to gaming information as well as information on ministry services.

Gaming Licensing Review

Alberta's gaming industry has grown and matured, with considerable interest in future growth. In December 1999, the AGLC initiated a review of current licensing policies and processes to address future changes and possible growth in Alberta's gaming industry. Specific areas for the review include casinos, new games and new gaming environments. During this review, the AGLC is consulting with stakeholders, including the gaming industry, municipalities, First Nations and charitable organizations, to develop new policies. Draft policies are expected to be available for review by fall 2000.

Ninety-two percent of Canadians feel that gambling is inevitable and that people will find a way to gamble even if it is illegal.

— Canada West Foundation Report, "Canadian Gambling Behavior and Attitudes," 2000

While the gaming licensing review is underway, requests to license or approve new casinos, casino expansions, casino relocation, new games and new gaming environments have been suspended.

Bingo Review Submitted

A fourteen-member review committee, representing a cross-section of Alberta's bingo industry, submitted the Alberta Bingo Industry Review report to the AGLC Board in September 1999. For several months the committee reviewed written submissions, heard verbal presentations and held hearings with bingo industry stakeholders. The report presented 74 recommendations aimed at issues ranging from the need for greater consistency in the granting of bingo licences to addressing concerns about the integrity of gaming in Alberta.

The AGLC is currently reviewing the report and will forward its recommendations to government for consideration. Many recommendations brought forward by the Bingo Review Committee relate to broader gaming policy matters, which are being addressed in the gaming licensing review. More information can be found on the ministry's website.

Did you know: Bingo was first played in Alberta in the 1920s in community halls and church basements.

Western Canada Lottery Corporation Review

A consultant was retained to analyze Alberta's continued membership in the Western Canada Lottery Corporation (WCLC). The consultant's report identified concerns with the terms of Alberta's membership in the WCLC. The report has been reviewed by the AGLC Board and a proposal has been presented to members of the WCLC Board. As a result of positive discussions with the other partners — Saskatchewan and Manitoba — in the WCLC, the ministry expects to sign a new agreement with the WCLC later this year.

"Over 87% of Albertans have participated in some form of gambling in the last year and nearly 50% of Canadians have bought a lottery ticket."

— AADAC, "Adult Gambling and Problem Gambling in Alberta," 1998, and Canada West Foundation, "Canadian Gambling Behavior and Attitudes," 2000.

The Gaming and Liquor Amendment Act

To respond to the wishes of municipalities that had earlier voted to remove video lottery terminals (VLTs) from the community, the Government of Alberta passed Bill 36, the Gaming and Liquor Amendment Act, in April 1999. The Act authorizes the Minister of Gaming to give policy direction to the AGLC, and to cancel VLT retailer agreements in communities that voted in favour of VLT removal.

Although the bill received Royal Assent on May 19, 1999, the Court of Queen's Bench of Alberta granted an interim injunction prohibiting the AGLC from disabling or removing VLTs pending the hearing of a constitutional challenge of the Act. The AGLC is complying with the Court of Queen's Bench order, and a court date for the constitutional challenge is expected in 2000.

In conjunction with Alberta Justice, the ministry will continue to do everything possible to bring this issue to a close and honour the community plebiscites.

Results Analysis

Message from the Deputy Minister

I am pleased to report that in 1999–2000 almost $163 million was returned directly to charitable organizations throughout Alberta from revenue generated by charitable gaming (bingos, casinos, pull-tickets and raffles). This figure surpasses the departmental performance target of $129 million.

Did you know: Returns to charities holding casinos have nearly tripled since 1996–97, from $27.8 million to $76.7 million in 1999–2000.

Alberta Lottery Fund revenue, the government's share of the revenue from lottery tickets, slot machines and VLTs, also surpassed the budgeted figure of $769.5 million this past year, totalling $864 million.

As recommended by the Alberta Lotteries and Gaming Summit '98, all revenue from the Alberta Lottery Fund is used for community initiatives, including specific not-for-profit and broadly based public initiatives that benefit all Albertans. Revenue from the Alberta Lottery Fund is no longer transferred to the General Revenue Fund.

The Alberta Lottery Fund has supported over 8,000 not-for-profit community projects in 1999–2000, including those funded through the 88 Community Lottery Boards and the Community Facility Enhancement Program (CFEP). In addition, the Lottery Fund supports broad-based government initiatives including infrastructure projects, school renewal and construction, seniors' facility upgrades and health facility construction. The Alberta Lottery Fund has also provided support to major exhibitions and fairs, and foundations such as the Wild Rose Foundation, the Historical Resources Foundation and the Foundation for the Arts, and the Alberta Alcohol and Drug Abuse Commission.

The Alberta Lottery Fund has also made possible the establishment of the Alberta Gaming Research Institute which sponsors research into gaming-related topics such as the social and economic costs and benefits of gaming. The Institute is a consortium of the Universities of Alberta, Calgary and Lethbridge. Guiding the Institute is the Alberta Gaming Research Council, composed of 14 public and government representatives appointed for three-year terms.

The 1999–2000 fiscal year also saw the launch of the Alberta Gaming website, a source of information on gaming and gaming policies as well as application packages for the Community Facility Enhancement Program.

It has indeed been an eventful and productive first year for the ministry and I am looking forward to the many challenges that we will be undertaking in the future.

Eric McGhan
Deputy Minister

AUDITOR GENERAL
Alberta

Report of the Auditor General

On the Results of Applying Specified Audit Procedures to Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Gaming's performance measure as presented on page 17 of the 1999-2000 Annual Report of the Ministry of Gaming.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations that converted source information into the reported measure were tested.

3. The appropriateness of the description of the measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the performance measure and therefore I express no opinion on the performance measure included in the 1999-2000 Annual Report of the Ministry of Gaming.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
July 31, 2000

Performance Measures

Return to Charities

Alberta has adopted the charitable model for all licensed gaming activities: casinos, bingos, raffles and pull-tickets. These gaming activities may only occur when eligible charitable or religious groups apply for and receive licences to conduct the gaming activities.

A charitable or religious group is eligible for a licence to conduct gaming activities if the group:

- actively delivers a program or service that provides a benefit to a significant segment of the community, and that is reasonably available to all members of the public who qualify and wish to participate in that program or use that service;
- uses revenue from its gaming activities for a charitable or religious objective or purpose;
- has a broadly based volunteer membership;
- has an executive democratically chosen from its volunteer base;
- does not pay its members, directors or officers;
- has programs that benefit a large segment of the community, not the individual member's self-interest;
- is a not-for-profit organization;
- has volunteers who are responsible for establishing, maintaining control of, and delivering the group's programs; and
- is incorporated.

Did you know: Over the last two years more than 8,000 charitable and religious organizations have received a charitable gaming license, or have conducted a gaming activity to generate funds to directly support their organization.

The ministry's key performance measure for 1999–2000, the gaming revenue returned to charities, was $129 million (see Table 1).

Table 1: Return to Charities, 1999–2000 Target and 1997–98, 1998–99 Actuals

Return to Charities (millions of dollars)	1997–98 Actual	1998–99 Actual	1999–2000 Target
Casinos	44	58	47
Bingos	58	59	55
Raffles	19	22	18
Pull-tickets	9	9	9
Total	130	148	129

Source: Alberta Gaming, 2000

Performance Measures

Return to Charities

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Raffles	19	22	18
Pull-tickets	9	9	9
Total	130	148	129

Source: Alberta Gaming, 2000

Performance Results

Return to Charities

The return to charities for 1999–2000, $163 million, has substantially exceeded the $129 million target set for the year (see Table 2).

Table 2: Return to Charities, 1999–2000 Target and Actual, and 1997–98, 1998–99 Actuals

Return to Charities (millions of dollars)	1997–98 Actual	1998–99 Actual	1999–2000 Target	1999–2000 Actual
Casinos	44	58	47	77
Bingos	58	59	55	55
Raffles	19	22	18	22
Pull-tickets	9	9	9	9
Total	130	148	129	163

Source: Alberta Gaming, 2000

The return to charities has also substantially increased over the past four years, from $109 million in 1996–97 to $163 million in 1999–2000, an increase of almost 50 percent. The growth in casino slot machine revenues over the period accounts for much of this increase.

Changes in casino operations between 1998–1999 and 1999–2000 — longer playing hours, introduction of new games, more machines and more room in the casinos — also contributed to increased returns. In fact, returns to charities due to casinos nearly tripled, from $27.8 million in 1996–97 to $76.7 million in 1999–2000. Bingo, raffle, and pull-ticket revenues remained relatively constant during this period, totalling $86 million in 1999–2000.

ALBERTA
LOTTERY FUND

Alberta Lottery Fund

The Alberta Lottery Fund, administered by the Alberta Gaming and Liquor Commission, is made up of the government portion of revenues from video lottery terminals (VLTs), slot machines and ticket lotteries (see Figure 1).

In previous years, a portion of lottery profits was redirected to the province's General Revenue Fund to support government programs in priority areas such as health, education and infrastructure. In response to the Alberta Lotteries and Gaming Summit '98 recommendations, revenue from the Alberta Lottery Fund is no longer transferred to the General Revenue Fund. Lottery Fund revenues are now used primarily to support foundations and community-based granting organizations, such as the Community Lottery Boards and the Wild Rose Foundation, and community and not-for-profit initia-

Performance Results

Return to Charities

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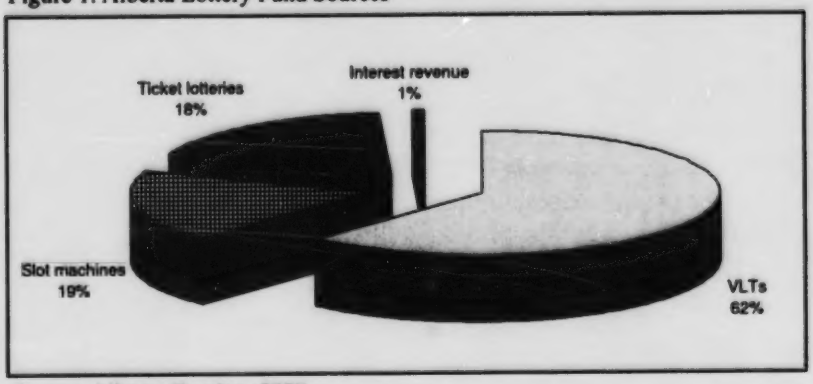
In previous years, a portion of lottery profits was redirected to the province's General Revenue Fund to support government programs in priority areas such as health, education and infrastructure. In response to the Alberta Lotteries and Gaming Summit '98 recommendations, revenue from the Alberta Lottery Fund is no longer transferred to the General Revenue Fund. Lottery Fund revenues are now used primarily to support foundations and community-based granting organizations, such as the Community Lottery Boards and the Wild Rose Foundation, and community and not-for-profit initia-

Figure 1: Alberta Lottery Fund Sources



Source: Alberta Gaming, 2000

tives, including identifiable broad-based government initiatives. A portion goes to debt repayment (see Figure 2).

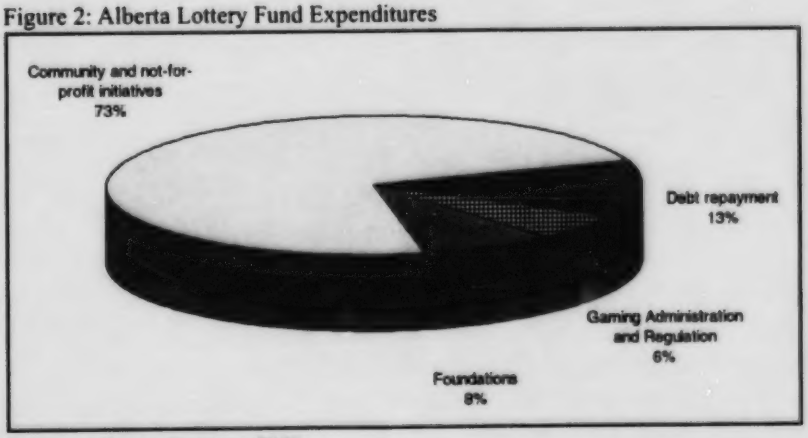
The Alberta Lottery Fund supports over 8,000 specific community and not-for-profit initiatives annually, including identifiable government initiatives that benefit Alberta communities.

Examples of 1999–2000 initiatives include:

- *Alberta Cancer Board*: Advanced medical equipment purchases.
- *Quarter Horse Association*: Enhancement of equine knowledge and judging skills for youth.
- *Banff Centre for the Arts*: Enhancement of the arts.
- *Institute for Advancement of Aboriginal Women*: Program and leadership assistance.
- *Etzikom—Canadian National Historic Windmill Centre*: Museum development.
- *Canadian National Institute for the Blind*: Programming and capital enhancements.

In a July 1999 Canada West Foundation study, "The Impact of Gaming upon Canadian Non-profits," it was noted that Alberta leads the nation in directing gaming revenue back to the not-for-profit sector.

Figure 2: Alberta Lottery Fund Expenditures



Source: Alberta Gaming, 2000

- *Seniors Outreach Network Society*: Programming and outreach services enhancement.
- *Be Fit for Life Network*: Fitness awareness throughout Alberta.
- *Olds and District Pool 2000 Society*: Recreation facility development.
- *Crossfield and Area Rescue Equipment Society*: Emergency rescue equipment purchases.
- *Boys' and Girls' Clubs of Alberta*: Youth development and facility enhancements.
- *Alberta Rehabilitation Council for Disabled*: Operational and capital enhancements.
- *Opokaa'sin Early Intervention Society*: Support and networking for children and families in southern Alberta.
- *IAAF 2001 World Track and Field Championships*: Sponsorship of international games.
- *Fires Related Reforestation*: Environmental initiatives.

For a complete listing, see the Alberta Gaming website **www.gaming.ab.ca**. (See also Lottery Fund: Summary of Payments, page 23–24)

Alberta Gaming Research Council and Institute

The Alberta Gaming Research Institute was given a budget of $1.5 million per year for three years from the Alberta Lottery Fund. The Institute will sponsor research into the social and economic aspects of gaming, aboriginal gaming issues, gaming trends and other related gaming topics.

"Alberta is poised to become the leading province for research on gambling."

— Sheila Murphy, Chairperson, Alberta Gaming Research Council

The Alberta Gaming Research Council is a broad-based governing council created to ensure the Institute is working within its mandate to provide research which will help guide government gaming policy. The Council includes representatives from the gaming industry, the aboriginal community, youth, seniors, law enforcement, the Alberta Alcohol and Drug Abuse Commission, Alberta Gaming, and Alberta Health and Wellness.

Government Response to Alberta Lotteries and Gaming Summit '98

The report of the Alberta Lotteries and Gaming Summit '98 contained eight recommendations, which the Government of Alberta has either accepted or accepted in principle. These recommendations cover a broad spectrum of issues, including allocating resources to gaming research, continued commitment to the charitable gaming model, and improved accountability for gaming activity in the province. Some issues have also been examined in other contexts, for example the age restriction on bingos was also dealt with in the Bingo Review Committee report submitted to the AGLC in Septem-

ber 1999. And in December 1999, the AGLC initiated a review of current licensing policies and processes.

The recommendations, the response from government, and the current status of each recommendation from the Alberta Lotteries and Gaming Summit '98 follow.

Did you know: More than 8,000 community initiatives receive funding each year through the Alberta Lottery Fund.

Recommendation 1: That the provincial government dedicate more resources to gaming research in areas like the prevention and treatment of problem gambling, the social impacts of lotteries and gaming, native gaming issues, and emergent gaming activities.

Government Reponse: Accepted

- A gaming research institute was established, November 26, 1999, funded by the Alberta Lottery Fund.
- Three universities have formed a consortium to create the Institute: University of Alberta, University of Calgary, and University of Lethbridge.

Recommendation 2: That gambling in all forms be restricted to people 18 years of age and older.

Government Response: Accepted

- Age limit for all gaming activities is 18 years.
- Recommendation primarily affected bingo and horse racing.
- The report submitted to the AGLC in September 1999 by the Bingo Review Committee recommended a revision to the age restriction for bingo.

Recommendation 3: That the charitable model for operating casinos and bingos be maintained.

Government Response: Accepted

- Continued commitment to the charitable gaming model for Alberta.

Recommendation 4: That gaming and lottery profits not be directed to the province's General Revenue Fund.

Government Response: Accepted in principle

- Through the business planning process government directs all lottery profits to charitable and public initiatives through the Alberta Lottery Fund.

Recommendation 5: That all gaming and lottery profits collected by the province be directed to supporting charitable or not-for-profit initiatives.

Government Response: Accepted in principle

- In 1999–2000 approximately $864 million has been committed to support not-for-profit, community and public initiatives through the Alberta Lottery Fund.

Recommendation 6: That the amount and public visibility of gambling addiction, prevention and treatment programs be increased.

Government Response: Accepted

- AADAC has received funding of $3.4 million for problem gambling prevention and treatment programs in 1999-2000, up 11 percent from 1998-99.
- AADAC and AGLC have developed a training program for casino industry staff and VLT retailers to raise awareness of problem gambling and equip staff to intervene and refer.

Recommendation 7: That lottery and gaming regulators and the provincial government improve accountability and disclosure of gaming activity in the province. This would include keeping citizens in Alberta better informed of the amount, type, costs (social and financial) and benefits of gaming in the province.

Government Response: Accepted

- Alberta Gaming and AGLC websites have been developed.
- Gaming Research Institute was established November 26, 1999, funded by the Alberta Lottery Fund.

Recommendation 8: That the guiding principles for lotteries and gaming in Alberta adopted by the provincial government be updated, upgraded, accepted and adhered to.

Government Response: Accepted in principle

- Government to review and approve draft Guiding Principles.

LOTTERY FUND
SUMMARY OF PAYMENTS
(thousands of dollars)

Ministry/Initiative	1999-2000 Actuals	2000-01 Estimates	Comparable 1999-2000 Forecast	Comparable 1999-2000 Budget	Comparable 1998-99 Actual
Agriculture, Food and Rural Development					
Educational and Community Services	2,000	-	2,000	2,000	-
Agricultural Services Boards	5,000	-	5,000	5,000	-
Infrastructure Assistance - Irrigation	17,200	-	17,200	17,200	-
Infrastructure Assistance - Municipal Wastewater	5,000	-	5,000	5,000	-
Agriculture Initiatives	11,620	11,620	11,620	11,620	11,628
Agri-Food Development	500	-	500	500	-
Engineering Services	1,500	-	1,500	1,500	-
Sub-total	42,820	11,620	42,820	42,820	11,628
Children's Services					
Fetal Alcohol Initiative	1,000	1,000	1,000	1,000	-
Permanency Planning for Children in Care	-	200	-	-	-
Sub-total	1,000	1,200	1,000	1,000	-
Community Development					
Foundation for the Arts	21,104	21,104	21,104	21,104	16,104
Historical Resources Foundation	5,913	5,913	5,913	5,913	5,913
Wild Rose Foundation	6,600	6,600	6,600	6,600	6,600
Human Rights, Citizenship and Multiculturalism Education Fund	1,062	1,062	1,062	1,062	1,062
Sport, Recreation, Parks and Wildlife Foundation	14,885	14,885	14,885	14,885	14,885
2001 World Championships in Athletics	19,000	10,000	19,000	19,000	1,000
Trans Canada Trail Project	-	1,100	-	-	-
Sub-total	68,564	60,664	68,564	68,564	45,564
Economic Development					
International Marketing	500	-	500	500	-
Environment					
Reforestation	17,000	-	17,000	17,000	-
Water Management and Erosion Control Program	2,940	-	2,940	2,940	-
Natural Resources Service	15,000	-	15,000	15,000	-
Sub-total	34,940	-	34,940	34,940	-
Gaming					
Community Lottery Program Grants	50,800	53,300	50,800	50,800	50,800
Major Fairs and Exhibitions	2,660	2,660	2,660	2,660	2,660
Calgary Exhibition and Stampede	7,100	7,100	7,100	7,100	7,100
Edmonton Northlands	7,100	7,100	7,100	7,100	7,100
Community Facility Enhancement Program	25,000	25,000	25,000	25,000	28,677
Gaming Research Institute	1,500	1,500	1,500	1,500	-
Calgary Trade and Convention Centre	9,000	-	9,000	9,000	6,000
Alberta Gaming and Liquor Commission - Lottery Operations	52,039	54,639	52,039	53,000	-
Lottery Programs Administration	961	1,209	961	-	-
Calgary Homeless Foundation	-	-	-	-	2,000
Other Initiatives	3,671	11,525	3,671	3,671	1,580
Sub-total	159,831	164,033	159,831	159,831	105,917
Health and Wellness					
Advanced Medical Equipment	7,300	10,000	7,300	7,300	7,266
Health Authorities Supplemental Capital Equipment Funding	-	38,207	-	-	-
Alberta Wellnet	15,000	15,000	15,000	15,000	-

LOTTERY FUND
SUMMARY OF PAYMENTS - *Continued*
(thousands of dollars)

Ministry/Initiative	1999-2000 Actuals	2000-01 Estimates	Comparable 1999-2000 Forecast	Comparable 1999-2000 Budget	Comparable 1998-99 Actual
Health and Wellness - *Continued*					
Health Innovation Fund	**4,000**	**10,000**	4,000	4,000	-
Alberta Alcohol and Drug Abuse Commission	**31,270**	**33,320**	31,270	31,270	3,048
Persons with Developmental Disabilities Foundation	**-**	**357**	-	-	-
Aboriginal Health Strategies	**-**	**3,000**	-	-	-
Alberta Wellness Initiative	**-**	**4,744**	-	-	-
Alternate Compensation Strategies	**-**	**10,350**	-	-	-
Federal Nursing Stations	**-**	**2,550**	-	-	-
Calgary Regional Health Laboratory Facility	**-**	**-**	-	-	9,000
University of Alberta - Faculty of Medicine	**-**	**-**	-	-	100
Sub-total	**57,570**	**127,528**	**57,570**	**57,570**	**19,414**
Infrastructure					
Health Care Facilities	**60,000**	**120,000**	60,000	60,000	-
North-South Trade Corridor	**65,000**	**-**	65,000	65,000	-
Alberta Cities Transportation Partnerships	**6,700**	**-**	6,700	6,700	-
School Facilities	**100,000**	**100,000**	100,000	100,000	-
Water Management Infrastructure	**20,000**	**20,000**	20,000	20,000	-
Seniors' Lodges	**10,000**	**10,000**	10,000	10,000	-
Post-Secondary Facilities	**30,000**	**30,000**	30,000	30,000	-
Municipal Infrastructure Commitment	**-**	**-**	-	-	130,000
Sub-total	**291,700**	**280,000**	**291,700**	**291,700**	**130,000**
Innovation and Science					
Strategic Research Initiatives	**17,250**	**17,250**	17,250	17,250	750
University Research Investments	**15,000**	**15,000**	15,000	15,000	-
Alberta Agricultural Research Institute	**8,000**	**8,582**	8,000	8,000	-
Sub-total	**40,250**	**40,832**	**40,250**	**40,250**	**750**
International and Intergovernmental Relations					
Metis Settlements Governance	**11,300**	**-**	11,300	11,300	-
Learning					
Achievement Scholarships in Athletics	**1,500**	**1,700**	1,500	1,500	-
Learning Television	**3,129**	**7,600**	3,129	3,129	-
School Technology Upgrading	**20,000**	**60,000**	20,000	20,000	-
Transportation Subsidies - School Support	**-**	**20,000**	-	-	-
Sub-total	**24,629**	**89,300**	**24,629**	**24,629**	**-**
Municipal Affairs					
Municipal 2000 Sponsorship	**10,000**	**12,000**	10,000	10,000	-
Regional Coordination in the Capital Region	**-**	**-**	-	-	10,000
Sub-total	**10,000**	**12,000**	**10,000**	**10,000**	**10,000**
Resource Development					
Royalty and Related Information System	**8,200**	**-**	8,200	8,200	-
Treasury					
Transfer for Debt Repayment / Contingency Reserve	**112,486**	**50,323**	68,196	18,196	-
TOTAL LOTTERY PAYMENTS TO BE VOTED	**863,790**	**837,500**	**819,500**	**769,500**	**323,273**

Future Challenges

Alberta Gaming faces many challenges for the 2000–01 fiscal year and has the following goals for the upcoming year.

- Consider recommendations from the gaming licensing review to ensure that the proper policies and procedures are in place to deal effectively with Alberta's growing and maturing gaming industry, including First Nations owned and operated gaming facilities.
- Develop a more customer-service oriented website. Plans include having various grant application forms available on the Alberta Gaming website and a more comprehensive database.
- Continue to adapt and evaluate security and efficiency of all computer operating systems and gaming networks and make necessary upgrades to meet the needs of changing technology.
- Continue to work with Alberta police agencies to monitor the emerging issue of Internet gaming. Alberta Gaming will look to the Alberta Gaming Research Institute for the latest information about various aspects of Internet gaming.

Sixty-three percent of Canadians agree that it is their right to gamble, with Western Canadians having the strongest view on this issue in the country.

— Canada West Foundation, "Canadian Gambling Behavior and Attitudes, 2000."

Financial Statements

March 31, 2000

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Gaming as at March 31, 2000 and the consolidated statements of operations and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Gaming as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

I also report that certain expenditures made by the Ministry are not in compliance with the applicable governing legislation. The normal commission paid to retailers for operating the Alberta Gaming and Liquor Commission's electronic gaming activities on their premises is 15% of gaming revenues (wagers less prizes). However, agreements between the Commission, the Alberta Racing Corporation, and racetrack operators Northlands Park and Rocky Mountain Turf Club Inc. (the "Operators") provide for payment of 33 1/3% of gaming revenues at these facilities to the Alberta Racing Corporation and 33 1/3% to the Operator. A separate agreement with the Calgary Exhibition and Stampede (the "Stampede") provides that 33 1/3% of gaming revenues from electronic gaming activities at the Stampede charitable casino are to be paid to the Stampede, but does not provide for payment to the Alberta Racing Corporation. Section 26 of the Gaming and Liquor Act requires all lottery revenue, after payment of certain costs including retailers' commissions, to be deposited in the Lottery Fund. In my opinion, the payments to the Alberta Racing Corporation, and the payments to the Operators and the Stampede in excess of the normal retailers' commission of 15%, appear to be payments intended to support the government's Racing Industry Renewal Initiative, not retailers' commissions. As a result, payments to the Alberta Racing Corporation totaling $5,891,000 (1999 - $4,465,000), and payments to the Operators and the Stampede totaling $4,794,000 (1999 - $2,820,000) do not comply with s.26 of the Gaming and Liquor Act because this lottery revenue was not deposited in the Lottery Fund. In addition, these expenditures are not in accordance with the Appropriation Act, 1999 and therefore have not been approved by the Legislature.

Peter Valentine FCA

Auditor General

Edmonton, Alberta
May 19, 2000

MINISTRY OF GAMING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2000
(thousands of dollars)

	2000	1999
Assets:		
Cash (Note 5)	$ 78,446	$ 63,367
Accounts receivable	3	-
Equity in commercial operations (Note 6)	141,463	130,111
	$ 219,912	$ 193,478
Liabilities:		
Accounts payable and accrued liabilities	$ 46,247	$ 22,191
Net assets, beginning of the year, as restated (Note 3)	171,287	144,890
Net operating results	451,187	872,162
Net transfer to General Revenues	(448,809)	(845,765)
Net assets, end of year	173,665	171,287
	$ 219,912	$ 193,478

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF GAMING

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2000

(thousands of dollars)

	2000		1999
	Budget	Actual	Actual
Revenues:			
Net income from commercial operations (Note 4)			
Lottery revenue	$ 767,500	$ 857,264	$ 771,677
Liquor revenue	462,114	469,883	483,226
Investment income	2,000	6,469	4,667
Other revenue	-	126	247
	1,231,614	1,333,742	1,259,817
Expenses (Schedule 1):			
Ministry support services	1,336	1,413	795
Gaming research	1,500	1,500	-
Lottery funded programs	105,547	106,350	135,249
Financial assistance to the Alberta Gaming and Liquor Commission	70,233	69,248	62,984
Lottery fund payments to other Ministries	609,669	703,959	188,612
	788,285	882,470	387,640
Valuation adjustments:			
Provision for vacation pay	-	85	15
	-	85	15
Total expenses	788,285	882,555	387,655
Net operating results	$ 443,329	$ 451,187	$ 872,162

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF GAMING

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

	2000	1999
Operating transactions:		
Net operating results	$ 451,187	$ 872,162
Non-cash items:		
Valuation adjustments	85	15
	451,272	872,177
Increase in accounts receivable	(3)	-
Increase in accounts payable and accrued liabilities before valuation adjustments	23,971	3,404
Decrease in unearned revenue	-	(1)
Cash provided by operating transactions	475,240	875,580
Investing transactions:		
Decrease (increase) in equity in commercial operations	(11,352)	6,771
Cash provided by investing transactions	(11,352)	6,771
Financing transactions:		
Net transfer to General Revenues	(448,809)	(845,765)
Net cash provided	15,079	36,586
Cash, beginning of year	63,367	26,781
Cash, end of year	$ 78,446	$ 63,367

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF GAMING

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2000

Note 1 Authority and Purpose

The Minister of Gaming (Minister) has, by the Government Organization Act and its regulations, been designated responsibility for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Gaming (Ministry).

The purpose of the Ministry is to administer the Alberta Lottery Fund; license, regulate and monitor liquor and gaming activities, as well as certain aspects of tobacco sales; implement specific lottery-funded programs and to develop and communicate provincial gaming and liquor policy.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all Ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Gaming. The Government Accountability Act defines a Ministry as including the Department and any provincial agency and crown-controlled organization for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Gaming	Government Organization Act
Lottery Fund	Interprovincial Lottery Act
Alberta Gaming and Liquor Commission	Gaming and Liquor Act

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Consolidation

The accounts of the Department and the Lottery Fund have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

The accounts of Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with generally accepted accounting principles.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Ministry's operations.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

Certain expenses, primarily for office space, legal advice and banking services, incurred on behalf of the Ministry by other ministries are not reflected in the Statement of Operations. Schedule 2 discloses information on these related party transactions.

Valuation Adjustments

Valuation adjustments include changes in valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets

Net assets represents the difference between the value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3 Reorganization

The Ministry was established as a result of a major reorganization announced by the government on May 25, 1999 and transfers of responsibility announced throughout the year. Comparatives for 1999 have been restated as if the Ministry had always existed.

	1999
Net assets, as previously reported	$ -
Transfer from Department of Economic Development	144,939
Transfer from Department of Labour	(38)
Transfer from Department of Community Development	(11)
Net assets, as restated	$ 144,890

Note 4 Net income from Commercial Operations

Alberta Gaming and Liquor Commission	2000	1999
	(thousands of dollars)	
Liquor sales	$ 1,215,858	$ 1,182,806
Cost of liquor sold	759,988	715,787
Gross profit on liquor sales	455,870	467,019
Gross income from video lottery and casino gaming terminal operations	699,762	619,356
Gross income from ticket lottery operations	156,017	150,731
Other income	14,727	17,797
Adjustment for pension liability	771	-
Total net income from commercial operations	$ 1,327,147	$ 1,254,903

Note 5 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF's earnings, which vary depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 6 Equity in Commercial Operations

Alberta Gaming and Liquor Commission	2000	1999
	(thousands of dollars)	
Equity in Commercial operations - beginning of year	$ 130,111	$ 136,882
Total revenue	2,155,612	2,033,674
Total expenses	(829,236)	(778,771)
Net transfer and other adjustments	(1,315,024)	(1,261,674)
Equity in Commercial operations - end of year	$ 141,463	$ 130,111

Note 7 Pensions

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $70,000 for the year ended March 31, 2000 (1999 $32,000).

Effective January 1, 1999, the Ministry's contribution to the Public Service Pension Plan was reduced by .3% of pensionable salaries.

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019,000 (1998 $4,355,000) and the Public Service Pension Plan reported a surplus of $517,020,000 (1998 $406,445,000). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of $33,000.

Note 8 Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

Note 9 Approval of Financial Statements

These consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF GAMING

EXPENSES DETAILED BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2000

(thousands of dollars)

	2000		1999
	Budget [a]	Actual	Actual
Salaries, wages and employee benefits	$ 863	$ 1,501	$ 818
Supplies and services	1,759	2,308	543
Supplies and services from Support Service Arrangements with Related Parties [b]	365	227	-
Grants	785,243	878,369	386,212
Financial transactions and other	55	65	67
Total expenses	$ 788,285	$ 882,470	$ 387,640

[a] Effective April 1, 1999, the responsibilities of the Department was established as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year. The breakdown of expenses by object is based on management's best estimate.

[b] The Department receives financial and administrative services from the Department of Community Development.

Schedule 2

MINISTRY OF GAMING

RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	2000	1999
Expenses:		
Grants	703,959	188,612
Other services	34	4
Payable to	44,290	-

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	2000	1999
Expenses:		
Accommodation	9	-
Other services	115	142

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Minister of Gaming

I have audited the statement of financial position of the Department of Gaming as at March 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Gaming as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 19, 2000

DEPARTMENT OF GAMING

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2000
(thousands of dollars)

	2000	1999
ASSETS		
Cash	$ -	$ -
Accounts receivable (Note 4)	122,813	119,018
	$ 122,813	$ 119,018
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,923	$ 506
NET ASSETS		
Net assets at beginning of year, as restated (Note 3)	118,512	64,233
Net operating results	451,187	900,044
Net transfer to General Revenues	(448,809)	(845,765)
Net assets at end of year	120,890	118,512
	$ 122,813	$ 119,018

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF GAMING

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

	2000		1999
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1):			
Internal government transfers	$ 619,831	$ 629,714	$ 1,015,226
Other revenue	-	69	-
	619,831	629,783	1,015,226
Expenses:			
Voted expenses (Schedules 2 and 4):			
Ministry support services	1,336	1,413	795
Gaming Research	-	1,500	-
Lottery Programs	51,016	106,350	51,388
Assistance to the Alberta Gaming and Liquor Commission	17,233	69,248	62,984
	69,585	178,511	115,167
Valuation adjustments:			
Provision for vacation pay	-	85	15
	-	85	15
Total expenses	69,585	178,596	115,182
Net operating results	$ 550,246	$ 451,187	$ 900,044

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF GAMING

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2000

(thousands of dollars)

	2000	1999
Operating transactions:		
Net operating results	$ 451,187	$ 900,044
Non-cash items:		
Valuation adjustments	85	15
	451,272	900,059
Increase in accounts receivable	(3,795)	(54,377)
Increase in accounts payable and accrued liabilities before valuation adjustments	1,332	84
Decrease in unearned revenue	-	(1)
Cash provided by operating transactions	448,809	845,765
Financing transactions:		
Net transfer to General Revenues	(448,809)	(845,765)
Net cash provided (used)	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF GAMING
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2000

Note 1 Authority and Purpose

The Department of Gaming (Department) operates under the authority of the Government Organization Act, Statutes of Alberta.

The purpose of the Department is to implement specific lottery-funded programs and to develop and communicate provincial gaming and liquor policy.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Gaming, which is part of the Ministry of Gaming (Ministry) and for which the Minister of Gaming (Minister) is accountable. Other entities reporting to the Minister are the Alberta Gaming and Liquor Commission and The Lottery Fund. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Department's operations.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space, legal advice and banking services, incurred on behalf of the Department by other ministries are not reflected in the Statement of Operations. Schedule 6 discloses information on these related party transactions.

Valuation Adjustments

Valuation adjustments include changes in valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Net Assets

Net assets represents the difference between the value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3 Reorganization

The Department was established as a result of a major re-organization announced by the government on May 25, 1999 and transfers of responsibility announced throughout the year. Comparatives for 1999 have been restated as if the Department had always existed.

	1999 (thousands of dollars)
Net assets, as previously reported at March 31, 1998	$ -
Transfer from Department of Economic Development	64,282
Transfer from Department of Labour	(38)
Transfer from Department of Community Development	(11)
Net assets, as restated at March 31, 1998	$ 64,233

Note 4 Accounts Receivable

	2000			1999
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Alberta Gaming and Liquor Commission	$ 120,463	$ -	$ 120,463	$ 119,018
Lottery Fund	2,348		2,348	
Trade	2	-	2	-
	$ 122,813	$ -	$ 122,813	$ 119,018

Accounts receivable are unsecured and non-interest bearing.

Note 5 Pensions

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $70,000 for the year ended March 31, 2000 (1999 $32,000).

Effective January 1, 1999, the Department's contribution to the Public Service Pension Plan was reduced by .3% of pensionable salaries.

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019,000 (1998 $4,355,000) and the Public Service Pension Plan reported a surplus of $517,020,000 (1998 $406,445,000). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of $33,000.

Note 6 Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

Note 7 Approval of Financial Statements

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF GAMING

REVENUES

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

	2000		1999
	Budget	Actual	Actual
Internal government transfers:			
Transfer from the Alberta Gaming and Liquor Commission	$ 460,000	$ 469,883	$ 483,226
Transfer from the Lottery Fund	159,831	159,831	532,000
	619,831	629,714	1,015,226
Other revenue -			
Refunds of expenses	-	69	-
Total revenues	$ 619,831	$ 629,783	$ 1,015,226

Schedule 2

DEPARTMENT OF GAMING

VOTED EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

	2000		1999
	Budget [a]	Actual	Actual
Voted expenses:			
Salaries, wages and employee benefits	$ 863	$ 1,501	$ 818
Supplies and services	259	2,308	543
Supplies and services from Support Service Arrangements with Related Parties [b]	365	227	-
Grants	68,043	174,410	113,739
Financial transactions and other	55	65	67
Total voted expenses	$ 69,585	$ 178,511	$ 115,167

[a] Effective April 1, 1999, the responsibilities of the Department was established as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year. The breakdown of expenses by object is based on management's best estimate.

[b] The Department receives financial and administrative services from the Department of Community Development.

Schedule 3

DEPARTMENT OF GAMING

BUDGET

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

	1999-00 Estimates/ Budget Restated [a]	1999-00 Authorized Supplementary [b]	1999-00 Authorized Budget
Revenues:			
Internal government transfers	$ 619,831	$ -	$ 619,831
Other revenues	-	-	-
	619,831	-	619,831
Expenses:			
Voted expenses:			
Ministry support services	1,336	61	1,397
Gaming Research	-	1,500	1,500
Lottery Programs	51,016	54,531	105,547
Assistance to the Alberta Gaming and Liquor Commission	17,233	53,249	70,482
	69,585	109,341	178,926
Valuation adjustments:			
Provision for doubtful accounts	-	-	-
Provision for vacation pay	-	-	-
	-	-	-
Total expenses	69,585	109,341	178,926
Net Operating Results	$ 550,246	$ (109,341)	$ 440,905
Capital investment	$ -	$ -	$ -

[a] Effective April 1, 1999, the responsibilities of the Department was established as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year.

[b] Supplementary Estimates were approved on December 9, 1999.

Schedule 4

DEPARTMENT OF GAMING

COMPARISON OF VOTED EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

		1999-00 Budget Restated (a)	1999-00 Authorized Supplementary	1999-00 Authorized Budget	1999-00 Actual Expense	Unexpended (Over Expended)
Expenses:						
Voted Expenses:						
1	Ministry support services					
1.0.1	Minister's office	$ 242	$ -	$ 242	$ 231	$ 11
1.0.2	Deputy Minister's office	240	-	240	216	24
1.0.3	Business Management and Policy	570	61	631	692	(61)
1.0.4	Communications	284	-	284	274	10
		1,336	61	1,397	1,413	(16)
2	Gaming Research					
2.0.1	Gaming Research Institute					
	- operating expense funded by lotteries	-	1,500	1,500	1,500	-
		-	1,500	1,500	1,500	-
3	Lottery Programs					
3.1	Management and Operations					
3.1.1	Lottery Program Administration	216	-	216	1,190	(974)
3.2	Financial Assistance					
3.2.1	Community Lottery Boards					
	- operating expense funded by lotteries	50,800	-	50,800	50,797	3
3.2.2	Community Facility Enhancement Program					
	- operating expense funded by lotteries	-	25,000	25,000	24,998	2
3.2.3	Major Exhibitions and Fairs					
	- operating expense funded by lotteries	-	2,660	2,660	2,660	-
3.2.4	Calgary Exhibition and Stampede					
	- operating expense funded by lotteries	-	7,100	7,100	7,100	-
3.2.5	Edmonton Northlands					
	- operating expense funded by lotteries	-	7,100	7,100	7,100	-
3.2.6	Calgary Trade and Convention Centre					
	- operating expense funded by lotteries	-	9,000	9,000	9,000	-
3.2.7	Other Initiatives					
	- operating expense funded by lotteries	-	3,671	3,671	3,505	166
		51,016	54,531	105,547	106,350	(803)
4	Assistance to the Alberta Gaming and Liquor Commission					
4.0.1	Assistance to the Alberta Gaming and Liquor Commission					
	Liquor operations	17,233	249	17,482	17,482	-
	Lottery operations					
	- operating expense funded by lotteries	-	53,000	53,000	51,766	1,234
		17,233	53,249	70,482	69,248	1,234
	Total voted expenses	$ 69,585	$ 109,341	$ 178,926	$ 178,511	$ 415
	Program Operating expense	$ 18,785	$ 310	$ 19,095	$ 20,085	$ (990)
	Program Operating expense funded by lotteries	50,800	109,031	159,831	158,426	1,405
		69,585	109,341	178,926	178,511	415
	Program capital investment	-	-	-	-	-
	Program capital investment funded by lotteries	-	-	-	-	-
		-	-	-	-	-
	Total voted expenses	$ 69,585	$ 109,341	$ 178,926	$ 178,511	$ 415

(a) Effective April 1, 1999, the responsibilities of the Department changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget amount has restated the 1999-2000 Government and Lottery Fund Estimates that were approved on April 29, 1999 for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary Estimates were approved on December 9, 1999.

Schedule 5

DEPARTMENT OF GAMING

SCHEDULE OF SALARY AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2000

	2000			1999
	Salary [a]	Benefits and Allowances[b]	Total	Total
Senior officials:				
Deputy Minister[c]	$ 153,696	$ 29,899	$183,595	$133,698
Executives:				
Director - Business Management and Policy	81,733	12,783	94,517	94,215
Director - Lottery Funding Programs[d]	75,760	12,736	88,496	-
Director - Communication[d]	69,542	12,007	81,548	-

(a) Salary includes regular base pay, achievement bonus awards, and other direct cash remuneration.

(b) Benefits and allowances include the employer's contribution for employee benefits including health care, life and disability insurance, pension plans, dental coverage, professional memberships, tuition fees, and vacation payments.

(c) Any taxable benefit attributed to the available use of an automobile to the Deputy Minister, is not reported in this schedule under benefits and allowances.

(d) The incumbent became an executive effective April 1, 1999.

Schedule 6

DEPARTMENT OF GAMING

RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED MARCH 31, 2000
(thousands of dollars)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Revenues:				
Grants	629,714	1,015,226	-	-
Expenses:				
Grants	69,248	62,984	-	-
Other services	-	-	27	4
Receivable from	122,811	119,018	-	-
Payable to	308	-	-	-

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2000	1999	2000	1999
Expenses:				
Accommodation	89	-	5	-
Other services	-	-	115	142

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the
Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2000 and the statements of net income and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

I also report that certain expenditures made by the Commission are not in compliance with the applicable governing legislation. The normal commission paid to retailers for operating the Commission's electronic gaming activities on their premises is 15% of gaming revenues (wagers less prizes). However, as disclosed in Note 11 of the financial statements, agreements between the Commission, the Alberta Racing Corporation, and racetrack operators Northlands Park and Rocky Mountain Turf Club Inc. (the "Operators") provide for payment of 33 1/3% of gaming revenues at these facilities to the Alberta Racing Corporation and 33 1/3% to the Operator. A separate agreement with the Calgary Exhibition and Stampede (the "Stampede") provides that 33 1/3% of gaming revenues from electronic gaming activities at the Stampede charitable casino are to be paid to the Stampede, but does not provide for payment to the Alberta Racing Corporation. Section 26 of the Gaming and Liquor Act requires all lottery revenue, after payment of certain costs including retailers' commissions, to be deposited in the Lottery Fund. In my opinion, the payments to the Alberta Racing Corporation, and the payments to the Operators and the Stampede in excess of the normal retailers' commission of 15%, appear to be payments intended to support the government's Racing Industry Renewal Initiative, not retailers' commissions. As a result, payments to the Alberta Racing Corporation totaling $5,891,000 (1999 - $4,465,000), and payments to the Operators and the Stampede totaling $4,794,000 (1999 - $2,820,000) do not comply with s.26 of the Gaming and Liquor Act because this lottery revenue was not deposited in the Lottery Fund. In addition, these expenditures are not in accordance with the Appropriation Act, 1999 and therefore have not been approved by the Legislature.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 19, 2000

ALBERTA GAMING AND LIQUOR COMMISSION
BALANCE SHEET

(in thousands)

As at March 31, 2000

	March 31, 2000	March 31, 1999
ASSETS		
Current Assets		
Cash and term deposits (Note 4)	$ 116,924	$ 122,133
Accounts receivable	17,687	9,690
Prepaid expenses and inventories (Note 5)	5,056	5,488
	139,667	137,311
Capital Assets (Note 6)	67,984	61,878
	$ 207,651	$ 199,189
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 59,964	$ 61,024
Due to the Lottery Fund (Note 8)	21,000	11,093
Due to General Revenues (Note 9)	120,463	119,018
	201,427	191,135
Provision for Loss on Leased Properties	6,224	7,283
Pension Liability (Note 3)	-	771
	6,224	8,054
	$ 207,651	$ 199,189

The accompanying notes and schedules are part of these financial statements.

APPROVED BY MANAGEMENT:

Eric McGhan
Chairman and Chief Executive Officer

Norman C. Peterson, CA
Chief Financial Officer

ALBERTA GAMING AND LIQUOR COMMISSION
STATEMENT OF NET INCOME

(in thousands)

For the year ended March 31, 2000

	Budget 2000 (Note 10)	Actual 2000	Actual 1999
Liquor sales		$ 1,215,858	$ 1,182,806
Cost of liquor sold		759,988	715,787
Gross profit on liquor sales	$ 453,000	455,870	467,019
Gross income from video lottery and casino gaming terminal operations (Schedule 1)	620,500	699,762	619,356
Gross income from ticket lottery operations (Schedule 2)	147,000	156,017	150,731
Other income (Note 12)	9,114	14,727	17,797
Grant from General Revenues	69,521	69,248	62,984
Operating expenses (Note 13)	(69,521)	(69,248)	(62,984)
NET INCOME, for the year	$ 1,229,614	$ 1,326,376	$ 1,254,903

ALBERTA GAMING AND LIQUOR COMMISSION
BALANCE SHEET

(in thousands)

As at March 31, 2000

	March 31, 2000	March 31, 1999
ASSETS		
Current Assets		
Cash and term deposits (Note 4)	$ 116,924	$ 122,133
Accounts receivable	17,687	9,690
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Accounts payable and accrued liabilities	$ 59,964	$ 61,024
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	201,427	191,135
Provision for Loss on Leased Properties	6,224	7,283
Pension Liability (Note 3)	-	771
	6,224	8,054
	$ 207,651	$ 199,189

The accompanying notes and schedules are part of these financial statements.

APPROVED BY MANAGEMENT:

Eric McGhan
Chairman and Chief Executive Officer

Norman C. Peterson, CA
Chief Financial Officer

ALBERTA GAMING AND LIQUOR COMMISSION
STATEMENT OF NET INCOME

(in thousands)

For the year ended March 31, 2000

	Budget 2000 (Note 10)	Actual 2000	Actual 1999
Liquor sales		$ 1,215,858	$ 1,182,806
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NET INCOME, for the year	$ 1,229,614	$ 1,326,376	$ 1,254,903

ALBERTA GAMING AND LIQUOR COMMISSION
STATEMENT OF CASH FLOW

(in thousands)

For the year ended March 31, 2000

	Actual 2000	Actual 1999
CASH FROM OPERATIONS		
Net income for the year	$ 1,326,376	$ 1,254,903
Decrease in provision for loss on leased properties	(1,059)	(838)
Amortization	17,624	12,373
Gain on disposal of capital assets	(23)	(32)
Decrease in amount due to General Revenues	(5,667)	(3,849)
Decrease in pension liability	(771)	(108)
Net change in non-cash working capital balances	(8,625)	1,681
	1,327,855	1,264,130
REMITTANCES TO THE LOTTERY FUND	(847,357)	(832,825)
REMITTANCES TO GENERAL REVENUES	(462,000)	(425,000)
	18,498	6,305
CASH USED FOR INVESTMENT		
Purchase of capital assets	(23,740)	(19,346)
Proceeds on disposal of capital assets	33	69
Reduction of mortgages receivable (net)	-	7,771
	(23,707)	(11,506)
DECREASE IN CASH AND TERM DEPOSITS	(5,209)	(5,201)
CASH AND TERM DEPOSITS, beginning of year	122,133	127,334
CASH AND TERM DEPOSITS, end of year	116,924	122,133

ALBERTA GAMING AND LIQUOR COMMISSION
STATEMENT OF CASH FLOW

(in thousands)

For the year ended March 31, 2000

	Actual 2000	Actual 1999
CASH FROM OPERATIONS		
Net income for the year	$ 1,326,376	$ 1,254,903
Decrease in provision for loss on leased properties	(1,059)	(838)
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DECREASE IN CASH AND TERM DEPOSITS	(5,209)	(5,201)
CASH AND TERM DEPOSITS, beginning of year	122,133	127,334
CASH AND TERM DEPOSITS, end of year	116,924	122,133

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the Gaming and Liquor Act, Chapter G-0.5, Statutes of Alberta 1996.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the Criminal Code of Canada, and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

The net proceeds arising from the conduct of authorized ticket lottery, video lottery and casino gaming terminal operations in Alberta are remittable to the Lottery Fund. The net proceeds of liquor operations and other income are remittable to General Revenues.

The Commission is a Crown agent of the Government of Alberta and as such, has a tax-exempt status.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

Inventories

Supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	2.5% or 10% (or lease term)
Gaming systems and equipment	20% or 33.3%
Video lottery and casino gaming terminals	14.3%
Furniture and equipment	10% or 20%
Retailer fixtures and signage	20%
Computer software	33.3%
Vehicles	20% or 33.3%

NOTE 2 (Con't)

Capital assets held for sale are stated at estimated net realizable value.

Write-downs of capital assets to estimated net recoverable amount or to net realizable value are included in accumulated amortization.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Revenue Recognition

Revenues are recognized on an accrual basis. On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date of sale to retail.

Measurement Uncertainty

The preparation of the Commission's financial statements, in accordance with generally accepted accounting principles, requires management to make estimates that affect the reported amount of revenues, expenses, assets and liabilities as well as the disclosure of contingent assets and liabilities at the financial statement date.

NOTE 3 CHANGE IN ACCOUNTING POLICY

The Commission has changed the way it accounts for its participation in multi-employer pension plans to a defined contribution basis. Under this accounting basis, the expense for these pension plans is equivalent to the annual contribution exclusive of any adjustment for unfunded pension liability. This change in accounting policy has been applied prospectively. An adjustment in the amount due to general revenues at March 31, 2000 has been made to reflect the reversal of the prior year's pension liability of $770,622.

NOTE 4 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. The Fund earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 5 PREPAID EXPENSES AND INVENTORIES

	March 31, 2000	March 31, 1999
VLT parts	$ 2,878	$ 3,415
Prepaid expenses	1,859	1,735
Supplies	319	338
	$ 5,056	$ 5,488

NOTE 6 CAPITAL ASSETS

	March 31, 2000			March 31, 1999
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	$ 4,113	$ -	$ 4,113	$ 4,113
Buildings and leasehold improvements	48,781	36,067	12,714	13,205
Gaming systems and equipment	45,989	37,011	8,978	3,727
Video lottery and casino gaming terminals	89,095	50,666	38,429	36,841
Furniture and equipment	25,544	24,175	1,369	1,205
Retailer fixtures and signage	7,472	6,535	937	1,166
Computer software	5,828	5,628	200	362
Vehicles	1,351	866	485	500
Other	1,941	1,182	759	759
	$ 230,114	$ 162,130	$ 67,984	$ 61,878

NOTE 7 PENSIONS

The Commission participates in the following multi-employer pension plans: the Public Service Pension Plan, the Management Employee Pension Plan, and the Supplementary Retirement Plan for Public Service Managers. Commencing in the current year, the Commission accounts for its participation in these plans on a defined contribution basis, whereby pension expense equals pension contributions of $839,162.

Effective January 1, 1999, the Commissions contribution to the Public Service Pension Plan was reduced by 0.3 percent of pensionable salaries.

At December 31, 1999, the Management Employees Pension Plan reported an actuarial surplus of $46,019,000 (1998 - $4,355,000) and the Public Service Pension Plan reported an actuarial surplus of $517,000,000 (1998 - $406,445,000). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of $33,000.

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 8 DUE TO THE LOTTERY FUND

This amount represents the portion of the revenues from lottery operations which has not been remitted to the Lottery Fund.

	Actual 2000	Actual 1999
DUE TO THE LOTTERY FUND, beginning of year	$ 11,093	$ 72,241
REMITTABLE TO THE LOTTERY FUND	857,264	771,677
REMITTANCES TO THE LOTTERY FUND	(847,357)	(832,825)
DUE TO THE LOTTERY FUND, end of year	$ 21,000	$ 11,093

NOTE 9 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	2000	1999
Due to General Revenues, beginning of year	$ 119,018	$ 64,641
Operating grant returned to General Revenues	(7,672)	(11,521)
	111,346	53,120
Net income for the year	1,326,376	1,254,903
Remittable to the Lottery Fund	(857,264)	(771,677)
Remittances to General Revenues	(462,000)	(425,000)
	7,112	58,226
Adjustment for pension liability	771	-
Due to Gaming	961	-
Due to General Revenues from operating grant funds, end of year	273	7,672
	2,005	7,672
Due to General Revenues, end of year	$ 120,463	$ 119,018

NOTE 10 BUDGET

The Commission, in its annual business plan, includes its annual budget on a summarized basis. The summarized budget receives approval by the Minister of Gaming and becomes part of the estimates of the Government. The Government Estimates are approved by the Legislature.

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 11 RACING RENEWAL INITIATIVE

a) In May 1996, the Government approved a Racing Renewal Initiative. Under this Racing Renewal Initiative, the Government, through the Alberta Gaming and Liquor Commission, committed to assisting in the development of the horse racing industry by allowing electronic gaming activities at racing entertainment centres located at racetracks. The racetrack operators and the Alberta Racing Corporation would each receive, through the Alberta Gaming and Liquor Commission, 33⅓ percent of the gaming revenues earned at these racing entertainment centres.

The first 33⅓ percent of gaming revenues are to be used to offset the costs of operating electronic gaming at the racing entertainment centres, the operating costs associated with live horse racing and the capital costs associated with live horse racing. These funds are administered by the racetrack operators. The second 33⅓ percent of gaming revenues are to be used for the enhancement of race purses. These funds are administered by the Alberta Racing Corporation. The payment of these funds is included in retailer commissions reported on Schedule 1.

Racing entertainment centres have been approved at Northlands Park in Edmonton and Whoop-Up Downs in Lethbridge.

Gaming proceeds paid to the racetrack operators and the Alberta Racing Corporation from the Racing Renewal Initiative are:

	Actual 2000	Actual 1999
Northlands Racing Entertainment Centre		
Northlands Park	$ 4,765	$ 3,690
Alberta Racing Corporation	4,765	3,690
	9,530	7,380
Whoop-Up Downs		
Rocky Mountain Turf Club Inc.	1,126	775
Alberta Racing Corporation	1,126	775
	2,252	1,550
	$ 11,782	$ 8,930

b) On January 1, 1999 the Alberta Gaming and Liquor Commission entered into an agreement with the Calgary Exhibition and Stampede to provide them with up to 33⅓ percent of revenue from the electronic gaming activities conducted at the Stampede charitable casino. These funds were paid to the Calgary Exhibition and Stampede in return for their commitment to continue live horse racing at Stampede Park to December 31, 2000.

Gaming proceeds paid to the Calgary Exhibition and Stampede and included in retailer commissions were $2,824,971 (1999-$663,000).

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

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ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 12 OTHER INCOME

	Actual 2000	Actual 1999
Licences and permits	$ 5,604	$ 7,023
Interest revenue	5,468	7,279
Fines and violations	1,387	202
Liquor levies	1,195	1,193
Premises rental revenue	566	549
Retailer service fees	521	506
Gain on disposal of capital assets	23	32
Miscellaneous	(37)	1,013
	$ 14,727	$ 17,797

NOTE 13 OPERATING EXPENSES

	Actual 2000	Actual 1999
Salaries and benefits	$ 19,984	$ 19,009
Amortization	17,624	12,373
Media and media production	6,492	6,135
Communications	6,339	5,958
Equipment and vehicles	5,415	4,373
Ticket printing	5,251	4,855
Property	1,824	2,894
Fees and services	1,389	1,632
Travel and training	1,136	1,387
Stationery and supplies	994	1,005
Freight and product delivery	766	624
Insurance and bank charges	733	788
Data processing	553	352
Miscellaneous	490	1,252
Presentations and publications	122	116
Retailer relations	89	146
Product expense	72	113
Overhead and other	(25)	(28)
	$ 69,248	$ 62,984

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 14 CONTINGENT LIABILITY

a) The Commission has a number of properties, primarily former retail liquor stores, that operate under lease arrangements with terms ranging from one to thirty-two years. Most of these properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments under these arrangements, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

Fiscal	2000-2001	$ 2,467
	2001-2002	1,982
	2002-2003	1,743
	2003-2004	977
	2004-2005	894
	Balance to expiry	8,353
		$ 16,416

Estimated future revenues to be derived from subleases amount to $8.6 million at March 31, 2000. Provision for loss has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

b) In the normal course of its business operations, the Commission has been named as defendant in various legal actions. The resulting loss, if any, from these claims cannot be determined at this time, but no material loss is anticipated.

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 15 SALARIES AND BENEFITS

	2000			1999
	Salary (a)	Benefits (b)	Total	Total
Senior Officers				
Chairman and CEO (c)	$ 54	$ 1	$ 55	$ 159
Deputy Chairman and CFO	127	7	134	126
Chief Operating Officer(d)	98	16	114	128
Board Members	59	1	60	20
Executives				
Executive Director Lottery Services	98	16	114	102
Manager Forensic Audit	82	14	96	88

(a) Salary includes regular base pay, bonuses and lump sum payments.

(b) Benefits include the Commission s share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability, professional memberships, tuition and automobile benefits.

(c) The Chairman and CEO retired from the Alberta Gaming and Liquor Commission on April 30, 1999. Coincidental with the Government reorganization of May 25, 1999, the Deputy Minister of Gaming was also appointed as the Chairman and CEO of the Alberta Gaming and Liquor Commission.

(d) The Chief Operating Officer was transferred to Government Services effective January 1, 2000. The position has not been filled.

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 16 JOINT VENTURE - TICKET LOTTERY OPERATIONS

The joint venture conducted by Western Canada Lottery Corporation was accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	As at March 31, 2000	As at March 31, 1999
Balance Sheet		
Current assets	$ 31,746	$ 30,777
Capital assets	5,659	2,477
	$ 37,405	$ 33,254
Current liabilities	$ 16,926	$ 15,881
Investment in joint venture	20,479	17,373
	$ 37,405	$ 33,254

	Year ended March 31, 2000	Year ended March 31, 1999
Statement of Net Income		
Gross income	$ 156,017	$ 150,731
Interest	1,485	1,590
Expenses	(19,864)	(20,220)
Net income	$ 137,638	$ 132,101
Statement of Cash Flow		
Cash generated from operating activities	$ 138,479	$ 136,637
Cash used by investing activities	$ 4,346	$ 643

ALBERTA GAMING AND LIQUOR COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA GAMING AND LIQUOR COMMISSION
VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS
SCHEDULE 1

(in thousands)

For the year ended March 31, 2000

	Actual 2000	Actual 1999
REVENUE		
Video lottery terminals (a)	$ 7,684,172	$ 7,403,386
Casino gaming and Electronic Racing terminals	3,545,566	2,226,980
	11,229,738	9,630,366
PRIZES		
Video lottery terminals (a)	7,056,513	6,797,274
Casino gaming and Electronic Racing terminals	3,275,393	2,051,293
	10,331,906	8,848,567
GROSS INCOME FROM VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS, before the following	897,832	781,799
RETAILER COMMISSIONS (Note 11)	(186,813)	(152,240)
FEDERAL TAX EXPENSE (b)	(11,257)	(10,203)
GROSS INCOME FROM VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS	$ 699,762	$ 619,356

(a) Video lottery terminal revenues and prizes have been restated to reflect total money played and won on the terminals. The effect of this change is to increase reported revenues and prizes for 1999 by $5,443,397,000. The gross income figure does not change.

(b) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on ticket lottery, video lottery and casino gaming terminal sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

ALBERTA GAMING AND LIQUOR COMMISSION
TICKET LOTTERY OPERATIONS
SCHEDULE 2

(in thousands)

For the year ended March 31, 2000

	Actual 2000	Actual 1999
REVENUE		
Lotto 6/49	$ 135,448	$ 150,668
Instant	98,355	97,501
The Plus	42,389	39,576
Sport Select	32,723	30,693
Super 7	31,915	24,018
Pick 3	7,356	6,573
Extra	8,115	6,262
Pogo	-	4,191
Western 6/49	22,739	3,961
Special Event	-	2,556
	379,040	365,999
PRIZES	188,552	182,342
GROSS INCOME FROM TICKET LOTTERY OPERATIONS, before the following	190,488	183,657
RETAILER COMMISSIONS	(25,995)	(24,841)
PAYMENTS TO GOVERNMENT OF CANADA (a)	(5,276)	(5,154)
FEDERAL TAX EXPENSE (b)	(3,200)	(2,931)
GROSS INCOME FROM TICKET LOTTERY OPERATIONS	$ 156,017	$ 150,731

(a) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

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ALBERTA GAMING AND LIQUOR COMMISSION
VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS
SCHEDULE 1

(in thousands)

For the year ended March 31, 2000

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GROSS INCOME FROM VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS, before the following	897,832	781,799
RETAILER COMMISSIONS (Note 11)	(186,813)	(152,240)
FEDERAL TAX EXPENSE (b)	(11,257)	(10,203)
GROSS INCOME FROM VIDEO LOTTERY AND CASINO GAMING TERMINAL OPERATIONS	$ 699,762	$ 619,356

(a) Video lottery terminal revenues and prizes have been restated to reflect total money played and won on the terminals. The effect of this change is to increase reported revenues and prizes for 1999 by $5,443,397,000. The gross income figure does not change.

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ALBERTA GAMING AND LIQUOR COMMISSION
TICKET LOTTERY OPERATIONS
SCHEDULE 2

(in thousands)

For the year ended March 31, 2000

	Actual 2000	Actual 1999
REVENUE		
Lotto 6/49	$ 135,448	$ 150,668
Instant	98,355	97,501
The Plus	42,389	39,576
Sport Select	32,723	30,693
Super 7	31,915	24,018
Pick 3	7,356	6,573
Extra	8,115	6,262
Pogo	-	4,191
Western 6/49	22,739	3,961
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GROSS INCOME FROM TICKET LOTTERY OPERATIONS	$ 156,017	$ 150,731

(a) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

(b) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on ticket lottery, video lottery and casino gaming terminal sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the
Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Lottery Fund as at March 31, 2000 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 19, 2000

ALBERTA
LOTTERY FUND

BALANCE SHEET

As at March 31, 2000

(thousands of dollars)

	March 31, 2000	March 31, 1999
ASSETS		
Cash (Note 3)	$ 78,446	$ 63,367
Due from Alberta Gaming and Liquor Commission	21,000	11,093
	$ 99,446	$ 74,460
LIABILITIES AND FUND EQUITY		
Accounts payable	$ 46,671	$ 21,685
Fund equity	52,775	52,775
	$ 99,446	$ 74,460

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Eric McGhan
Chairman and Chief Executive Officer
Alberta Gaming and Liquor Commission

Norman C. Peterson, CA
Chief Financial Officer
Alberta Gaming and Liquor Commission

ALBERTA
LOTTERY FUND

STATEMENT OF REVENUE, EXPENDITURE AND FUND EQUITY

For the Year Ended March 31, 2000

(thousands of dollars)

	2000		1999
	Budget (Note 15)	Actual	Actual
Revenue:			
Proceeds from lottery operations (Note 4)	$ 767,500	$ 855,779	$ 770,087
Interest	2,000	7,954	6,257
Grant recoveries	-	57	247
	769,500	863,790	776,591
Expenditure:			
Grants:			
Learning (Note 5)	154,629	154,629	-
Health (Note 6)	118,570	118,570	21,414
Community and Municipal Development (Note 7)	110,364	110,364	61,564
Transportation and Utilities Infrastructure (Note 8)	91,700	91,700	130,000
Agriculture and Economic Initiatives (Note 9)	68,180	68,180	28,488
Alberta Gaming and Liquor Commission - Lottery Operations (Note 10)	53,000	53,000	-
Community Lottery Boards (Note 11)	50,800	50,800	50,800
Innovation and Science (Note 12)	40,450	40,450	750
Environment (Note 13)	34,940	34,940	-
Community Facility Enhancement Program (Note 14)	25,000	25,000	28,677
Other Initiatives	3,671	3,671	1,580
Debt Repayment - Treasury	18,196	112,486	-
	769,500	863,790	323,273
Excess of revenue over expenditure for the year	-	-	453,318
Fund equity at beginning of year	52,775	52,775	80,657
Transfers to General Revenues	-	-	(481,200)
Fund equity at end of year	$ 52,775	$ 52,775	$ 52,775

ALBERTA
LOTTERY FUND

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(thousands of dollars)

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ALBERTA
LOTTERY FUND

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ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission (Commission) under the Gaming and Liquor Act, Chapter G-0.5, Statutes of Alberta 1996. The Lottery Fund receives the proceeds from lottery operations (see Note 5) and makes payments therefrom in the public interest in order to support quality of life, wellness and community involvement.

The Appropriation Act, 1999 authorized grant payments from the Lottery Fund as approved in the 1999-2000 Estimates, and provided for flexibility in the amount applied from the Lottery Fund towards debt repayment/contingency reserve so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2000.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Grants

Grants are recorded as expenditure when authorized and when all eligibility conditions for the grant have been satisfied.

Cash Flow

A statement of cash flow is not provided as disclosure in these financial statements is considered to be adequate.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. The Fund earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 4 PROCEEDS FROM LOTTERY OPERATIONS

Gross proceeds of provincial lotteries received by the Commission are recorded as revenue of the Fund.

	2000	1999
Gross income from ticket lottery operations	$ 156,017	$ 150,731
Gross income from video lottery operations	525,330	507,522
Gross income from casino gaming terminal operations	174,432	111,834
Proceeds from lottery operations	$ 855,779	$ 770,087

NOTE 5 LEARNING

Grants made to support education in Alberta comprise:

	2000	1999
School construction and renewal	$ 100,000	$ -
Infrastructure support	30,000	-
School technology upgrading	20,000	-
Learning television	3,129	-
Athletic scholarships	1,500	-
	$ 154,629	$ -

NOTE 6 HEALTH

The following grants were made in support of health and wellness initiatives. Grants were also made to finance the purchase of highly specialized, state-of-the-art hospital equipment and to support services for problem gamblers:

	2000	1999
Construction & upgrading of health facilities	$ 60,000	$ 9,000
Alcohol & Drug Abuse Commission	27,875	-
Alberta Wellnet	15,000	-
Advanced medical equipment	7,300	7,366
Health Authorities Innovation Fund	4,000	-
Services for problem gamblers	3,395	3,048
Fetal alcohol initiative	1,000	-
Calgary homeless	-	2,000
	$ 118,570	$ 21,414

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 7 COMMUNITY AND MUNICIPAL DEVELOPMENT

Grants made to support culture and multiculturalism, sports and recreation and municipal initiatives in Alberta comprise:

	2000	1999
Foundation for the Arts	$ 21,104	$ 16,104
2001 World Championships in Athletics	19,000	1,000
Alberta Sport, Recreation, Parks and Wildlife Foundation	14,885	14,885
Metis Settlement Governance	11,300	-
Municipal 2000 Sponsorship	10,000	-
Upgrading seniors lodges	10,000	-
Calgary Trade & Convention Facilities	9,000	6,000
Wild Rose Foundation	6,600	6,600
Historical Resources Foundation	5,913	5,913
Gaming Research Institute	1,500	-
Human Rights, Citizenship & Multiculturalism Education Fund	1,062	1,062
Regional coordination	-	10,000
	$ 110,364	$ 61,564

NOTE 8 TRANSPORTATION AND UTILITIES INFRASTRUCTURE

Grants in support of transportation and utilities infrastructure include:

	2000	1999
North/south trade corridor highway infrastructure	$ 65,000	$ -
Construction/upgrading of water infrastructure	20,000	-
Deerfoot trail/96 Avenue NE	6,700	-
Municipal infrastructure commitment	-	130,000
	$ 91,700	$ 130,000

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 9 AGRICULTURE AND ECONOMIC INITIATIVES

Agricultural grants provide funding to encourage improvement in agriculture, horticulture, and the quality of life in the agricultural community.

	2000	1999
Irrigation rehabilitation	17,200	-
Grants to major exhibitions	$ 16,860	$ 16,860
Agricultural societies and initiatives	11,620	11,628
Rural development services	9,000	-
Agricultural Research Institute	8,000	-
Municipal waste water	5,000	-
Kangwon international travel exposition	500	-
	$ 68,180	$ 28,488

Grants to major exhibitions comprise:

	2000	1999
Calgary Exhibition and Stampede Limited	$ 7,100	$ 7,100
Edmonton Northlands	7,100	7,100
Camrose Regional Exhibition and Agricultural Society	380	380
Grande Prairie Regional Agricultural and Exhibition Society	380	380
Lethbridge and District Exhibition	380	380
Lloydminster Agricultural Exhibition Association Limited	380	380
Medicine Hat Exhibition and Stampede Company Limited	380	380
Olds Agricultural Society	380	380
Westerner Exposition Association	380	380
	$ 16,860	$ 16,860

NOTE 10 ALBERTA GAMING AND LIQUOR COMMISSION-LOTTERY OPERATIONS

A grant is made to the Alberta Gaming and Liquor Commission to pay for estimated operating costs of lottery operations.

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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ALBERTA
LOTTERY FUND

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March 31, 2000

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ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 11 COMMUNITY LOTTERY BOARDS

Community-based grants made in support of projects that enhance and enrich community initiatives in rural regions, cities, First Nations and Metis Settlements across Alberta and assistance to community lottery boards administration costs:

	2000	1999
Community Lottery Boards	$ 50,000	$ 50,000
Community Lottery Boards Administration	800	800
	$ 50,800	$ 50,800

NOTE 12 INNOVATION AND SCIENCE

Grants made to support scientific and energy initiatives in Alberta comprise:

	2000	1999
Science strategic research initiatives and university research	$ 31,500	$ -
Energy royalty and related information systems	8,200	-
Science Alberta Foundation	750	750
	$ 40,450	$ 750

NOTE 13 ENVIRONMENT

Grants made to support environmental initiatives in Alberta comprise:

	2000	1999
Fire related reforestation	$ 17,000	$ -
Natural resource service	15,000	-
Water Management and Erosion Control Program	2,940	-
	$ 34,940	$ -

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

NOTE 14 COMMUNITY FACILITY ENHANCEMENT PROGRAM

The purpose of the Program is to provide funds on a cost-sharing basis to finance the repair, renovation, upgrading or expansion of community facilities in Alberta.

Grants in the following amounts were made under the program:

	2000	1999
$100,000 and over	$ 12,066	$ 11,771
$50,000 to $99,999	6,389	7,142
Under $50,000	6,545	9,764
	$ 25,000	$ 28,677

NOTE 15 BUDGET

The 2000 budgeted expenditures were authorized in total by the Appropriation Act, 1999 and the Appropriation (Supplementary Supply) Act, 1999 (No. 2).

NOTE 16 COMPARATIVE FIGURES

The 1999 comparatives have been restated to reflect the May 25, 1999 government reorganization.

ALBERTA
LOTTERY FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2000

(tabular amounts in thousands)

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Index of All Government Entities

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Agricultural Research Institute	Innovation and Science
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc.	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Oil Sands Technology and Research Authority	Innovation and Science
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science, Research and Technology Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Awasak Child and Family Services Authority	Children's Services
Calgary Rocky View Child and Family Services Authority	Children's Services
Child and Family Services Authority – Region 13	Children's Services
Child and Family Services Authority – Region 14	Children's Services
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Diamond Willow Child and Family Services Authority	Children's Services
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Hearthstone Child and Family Services Authority	Children's Services

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY, (con't)

Ministry, Department Fund or Agency	Ministry Annual Report
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Keystone Child and Family Services Authority	Children's Services
Lottery Fund	Gaming
Ma'Mowe Capital Region Child and Family Services Authority	Children's Services
Metis Settlements Child and Family Services Authority	Children's Services
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council [1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Neegan Awas'sak Child and Family Services Authority	Children's Services
Persons with Developmental Disabilities Calgary Region Community Board	Health and Wellness
Persons with Developmental Disabilities Central Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Edmonton Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Northeast Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Northwest Alberta Community Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
Persons with Developmental Disabilities South Alberta Community Board	Health and Wellness
Ribstone Child and Family Services Authority	Children's Services
S C Financial Ltd.	Treasury
Sakaigun Asky Child and Family Services Authority	Children's Services
Sakaw Askiy Child and Family Services Authority	Children's Services
Silver Birch Child and Family Services Authority	Children's Services
Southeast Alberta Child and Family Services Authority	Children's Services
Sun Country Child and Family Services Authority	Children's Services
Supplementary Retirement Plan Reserve Fund	Treasury

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY, (con't)

Ministry, Department Fund or Agency	Ministry Annual Report
Victims of Crime Fund	Justice
West Yellowhead Child and Family Services Authority	Children's Services
Wild Rose Foundation, The	Community Development
Windsong Child and Family Services Authority	Children's Services

[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment